

Message Text

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PAGE 01 KUWAIT 07065 180654Z

ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 PM-05 OMB-01 TRSE-00 H-02

DODE-00 CIAE-00 INR-07 NSAE-00 /034 W

-----092901 180701Z /23

R 180611Z DEC 77

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 9724

INFO USDOC WASHDC

UNCLAS KUWAIT 7065

E.O. 11652: N/A

TAGS: BEXP, KU

SUBJECT: ASSISTANCE TO U.S. FIRMS

REF: STATE 294598

1. LOTT REPRESENTATIVE BRIEFED EMBASSY ON SITUATION DESCRIBED REFTEL FEW DAYS BEFORE ITS RECEIPT. LOTT EXECUTIVE VICE PRESIDENT A.L. JENSEN ORIGINALLY ASKED EMBASSY TO WEIGH IN WITH MINISTRY OF DEFENSE AGAINST NEGOTIATIONS AFTERS BIDS HAD BEEN PRESENTED. HOWEVER ONCE IT WAS CLEAR THAT THE MOD PLANNED TO GO AHEAD WITH NEGOTIATIONS ON BIDS, JENSEN WITHDREW REQUEST.

2. JENSEN AND REPRESENTATIVES OF FOUR OF THE FIVE LOW BIDDERS, ARAB CONTRACTING COMPANY--EGYPT, KOREA OVERSEAS, KHORAFI (KUWAIT) AND ENGINEERING PRJECTS--INDIA, MET WITH MOD OFFICIALS DECEMBER 14TH, SOON FOUND THEMSELVES IN A SITUATION WHERE THEY HAD TO BID AGAINST EACH OTHER. PROCESS CONSISTED OF FIRMS EXPRESSING WILLINGNESS TO DROP 5 OR 10 THOUSAND KD FROM THEIR BID. THIS CONTINUED FOR 42 ROUNDS UNTIL LOTT DROPPED OUT LEAVING COMPETITION BETWEEN INDIAN AND EGYPTIAN FIRMS. EVENTUALLY, WE UNDERSTAND, ON THE 66TH ROUND, INDIAN FIRM WON THE CONTRACT FOR A BID OF APPROXIMATELY 24 MILLION KD, 43 PERCENT BELOW ITS ORIGINAL BID.

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3. "SHOPPING AROUND FOR A LOWER BID" APPEARS TO BE A NEW PROCEDURE USED ONLY BY THE MOD. CENTRAL TENDERS COMMITTEE HAS FOR YEARS GONE BY LOWEST SEALED BID AND WE HAVE NO INDICATION THAT IT PLANS TO CHANGE THIS PRACTICE.
SUTHERLAND

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Copy: SINGLE
Sent Date: 18-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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ISecure: 1
Legacy Key: link1977/newtext/t19771243/aaaabkdk.tel
Line Count: 61
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Litigation Codes:
Litigation History:
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Original Classification: UNCLASSIFIED
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Original Previous Classification: n/a
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SAS ID: 194519
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Subject: ASSISTANCE TO U.S. FIRMS
TAGS: BEXP, KU
To: STATE
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